



General Assembly

Substitute Bill No. 342

February Session, 2002

AN ACT CONCERNING THE FINANCING OF RENEWABLE ENERGY PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 16-245n of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (c) There is hereby created a Renewable Energy Investment Fund
5 which shall be administered by Connecticut Innovations, Incorporated.
6 The fund may receive any amount required by law to be deposited
7 into the fund and may receive any federal funds as may become
8 available to the state for renewable energy investments. Connecticut
9 Innovations, Incorporated, may use any amount in said fund for
10 expenditures which promote investment in renewable energy sources
11 in accordance with a comprehensive plan developed by it to foster the
12 growth, development and commercialization of renewable energy
13 sources, related enterprises and stimulate demand for renewable
14 energy and deployment of renewable energy sources which serve end
15 use customers in this state. Such expenditures may include, but not be
16 limited to, grants, direct or equity investments, loans, lease or
17 guarantee payments, contracts, [or] other forms of financial assistance
18 or other actions which support research, development, manufacture,
19 commercialization, deployment and installation of renewable energy

20 technologies, and actions which expand the expertise of individuals,
21 businesses and lending institutions with regard to renewable energy
22 technologies. Any interest, income and dividends derived from the
23 investment of amounts available in the Renewable Energy Investment
24 Fund, and any application fees, license fees, royalty payments,
25 investment income, loan repayments or other returns on expenditures
26 made from the Renewable Energy Investment Fund, shall be credited
27 to and used for purposes of such fund. In carrying out the provisions
28 of this section, any administrative expenses of Connecticut
29 Innovations, Incorporated or of any subsidiary of Connecticut
30 Innovations, Incorporated formed for such purpose pursuant to
31 subsection (h) of section 32-35, as amended by this act, to the extent
32 such administrative expenses are not otherwise paid from application
33 fees or other designated sources, may be paid from the Renewable
34 Energy Investment Fund.

35 Sec. 2. Section 16-245n of the general statutes is amended by adding
36 subsection (e) as follows (*Effective from passage*):

37 (NEW) (e) Connecticut Innovations, Incorporated is authorized to
38 make advance commitments for permitted expenditures from the
39 Renewable Energy Investment Fund payable from the assessment of
40 the charge to customers of electric service to be deposited to such fund
41 pursuant to subsection (b) of this section, the other receipts and
42 revenues of such fund and the amounts from time to time held to the
43 credit of such fund, and may secure any such advance commitment by
44 a pledge of all or a portion of such assessments, receipts, revenues and
45 amounts, other than federal grants, provided no such advance
46 commitment shall be for a period longer than thirty years. Such
47 advance commitments may be in the form of grant, loan or investment
48 commitments, leases, including finance leases, lease guarantees,
49 development or operating subsidies, investment, loan or bond
50 guarantees, reimbursement agreements, energy purchase contracts,
51 loan or investment participations and related funding commitments,
52 or other advance commitments with respect to payments constituting
53 permitted expenditures from the Renewable Energy Investment Fund,

54 and may include advance commitments to the Connecticut
55 Development Authority to provide for the payment of debt service and
56 other amounts due with respect to bonds or other obligations of the
57 Connecticut Development Authority issued or undertaken for the
58 purpose of providing financial assistance for the deployment and
59 installation of renewable energy technologies for any industrial or
60 commercial application in connection with an economic development
61 project, as defined in subsection (u) of section 32-23d, or for the
62 purpose of providing funding to the Renewable Energy Investment
63 Fund. The Connecticut Development Authority is hereby authorized to
64 issue bonds for such purposes pursuant to section 32-23f, as amended,
65 and in the case of bonds issued to provide funding to the Renewable
66 Energy Investment Fund, to loan the net proceeds thereof to
67 Connecticut Innovations, Incorporated, as administrator of the
68 Renewable Energy Investment Fund, for credit to such fund for use in
69 accordance with its purposes. The state covenants with the holders and
70 transferees of each such advance commitment, in consideration of their
71 agreements and undertakings with respect thereto, until such advance
72 commitment and the obligations thereunder have been fully
73 performed and discharged or unless expressly permitted or otherwise
74 authorized by the terms of each contract and agreement made or
75 entered into by Connecticut Innovations, Incorporated with or for the
76 benefit of such holders and transferees, that (1) the state shall cause the
77 appropriate officers of the state to impose, charge, collect and apply
78 the assessments and other revenues, receipts and amounts pledged to
79 secure such advance commitment, including, in the case of the
80 assessment of the charge to customers of electric services to be
81 deposited in the Renewable Energy Investment Fund pursuant to
82 subsection (b) of this section, at rates sufficient, taking into account
83 other pledged revenues, receipts and amounts, to pay the obligations
84 as they come due under such advance commitment, provided nothing
85 in this subsection shall require that any such assessment be at rates
86 higher than provided for when such advance commitment was
87 originally issued, (2) the state shall not limit or alter the rights vested
88 in Connecticut Innovations, Incorporated under this section, (3) the

89 state shall not create or cause to be created any lien or charge on the
90 assessments, revenues, receipts and amounts pledged to secure such
91 advance commitment, other than a lien or charge created pursuant to
92 this subsection, provided nothing in this subsection shall preclude the
93 state from issuing obligations which are secured by a pledge of such
94 assessments, revenues, receipts and amounts which is expressly
95 subordinate and junior in all respects to every lien and pledge created
96 pursuant to this subsection, (4) the state shall not limit, modify,
97 rescind, repeal or otherwise alter the rights or obligations of the
98 appropriate officers of the state to impose, charge, collect or apply the
99 assessments and other revenues and receipts pledged to secure such
100 advance commitment, and (5) the state shall not in any other way
101 impair the rights, exemptions or remedies of such holders and
102 transferees; provided nothing in this subsection shall preclude the state
103 from exercising its power, through a change in law, to limit, modify,
104 rescind or otherwise alter the character of the pledged assessments,
105 revenues, receipts and amounts, or to substitute like or different
106 sources of assessments, taxes, fees, charges or other receipts as pledged
107 revenues, including changing or altering the amount or method of
108 establishing and collecting the assessment of the charge to customers
109 of electric service pursuant to subsection (b) of this section, if and
110 when adequate provision shall have been made by law for the
111 protection of such holders and transferees. Connecticut Innovations,
112 Incorporated is authorized to include this covenant in any agreement
113 with the holders or transferees of such advance commitments. Any
114 pledge made by Connecticut Innovations, Incorporated of assessments
115 and other revenues, receipts, or amounts from time to time held to the
116 credit of the Renewable Energy Investment Fund to secure an advance
117 commitment pursuant to this subsection shall be valid and binding
118 from the time such pledge is made, and shall constitute a pledge
119 within the meaning and for all purposes of title 42a. Such assessments,
120 receipts, revenues and amounts so pledged and thereafter received by
121 Connecticut Innovations, Incorporated for the account of the
122 Renewable Energy Investment Fund shall immediately be subject to
123 the lien of such pledge without any physical delivery thereof or further

124 act, and the lien of any such pledge shall be valid and binding as
125 against all third parties irrespective of whether such third parties have
126 notice thereof. Neither any resolution of Connecticut Innovations,
127 Incorporated nor any other agreement or instrument by which such
128 pledge is created need be recorded. Advance commitments authorized
129 pursuant to this subsection, including any repayment obligation to the
130 Connecticut Development Authority in connection with any loan of
131 bond proceeds to provide funding to the Renewable Energy
132 Investment Fund, shall be special obligations of Connecticut
133 Innovations, Incorporated payable solely from the assessments,
134 receipts, revenues and amounts specifically pledged to secure such
135 advance commitments and shall not be deemed to constitute a debt or
136 liability of the state or any political subdivision thereof, including
137 Connecticut Innovations, Incorporated. For purposes of subsection (c)
138 of this section and this subsection, Connecticut Innovations,
139 Incorporated shall have and may exercise any powers enumerated in
140 section 32-39, as amended, and may take such other actions and do
141 such other things as may be necessary or convenient to carry out such
142 purposes. In acting pursuant to this subsection, Connecticut
143 Innovations, Incorporated may act through one or more subsidiaries
144 formed for that purpose under subsection (h) of section 32-35, as
145 amended by this act, in which case references in this subsection to
146 Connecticut Innovations, Incorporated shall be deemed to be
147 references to such subsidiary or subsidiaries.

148 Sec. 3. Section 32-35 of the general statutes is amended by adding
149 subsection (h) as follows (*Effective from passage*):

150 (NEW) (h) (1) The corporation may establish one or more
151 subsidiaries to stimulate, encourage and carry out the development,
152 financing, commercialization and deployment of renewable energy
153 sources which serve end use customers in this state. Each such
154 subsidiary shall constitute a public instrumentality and political
155 subdivision of the state and be deemed a quasi-public agency for
156 purposes of chapter 12. Each such subsidiary shall have all the
157 privileges, immunities, tax exemptions and other exemptions of the

158 corporation. For purposes of subsection (e) of section 16-245n, as
159 amended by this act, the corporation may act through any subsidiary
160 formed pursuant to this subsection.

161 (2) Each such subsidiary may sue and shall be subject to suit,
162 provided the liability of each such subsidiary shall be limited solely to
163 the assets, revenues and resources of such subsidiary and without
164 recourse to the general funds, revenues, resources or any other assets
165 of the corporation or any other subsidiary. Each such subsidiary shall
166 have the power to do all acts and things necessary or convenient to
167 carry out the purposes of this subsection and subsection (e) of section
168 16-245n, as amended by this act, including, but not limited to, (A)
169 solicit, receive and accept aid, grants or contributions from any source
170 of money, property or labor or other things of value for such purposes,
171 including, but not limited to, gifts, grants or loans from any
172 department, agency or quasi-public agency of the United States or the
173 state; (B) enter into agreements with persons upon such terms and
174 conditions as are consistent with such purposes; (C) acquire, take title,
175 lease, purchase, own, manage, hold and dispose of real and personal
176 property and lease, convey or deal in or enter into agreements with
177 respect to such property; (D) borrow money and incur other
178 obligations, including advance commitments of the type described in
179 subsection (e) of section 16-245n, as amended by this act, and
180 mortgage, convey or dispose of its assets and pledge its revenues in
181 order to secure any such obligations, provided such obligations are
182 special obligations of such subsidiary; (E) create and become a member
183 or partner of a limited liability company or a limited or general
184 partnership or establish other contractual arrangements with private
185 and public sector entities as such subsidiary deems necessary in order
186 to develop or finance renewable energy sources; (F) exercise any other
187 powers enumerated in section 32-39, as amended, necessary or
188 appropriate to carry out the purposes of this subsection and subsection
189 (e) of section 16-245n, as amended by this act.

190 (3) A resolution of the corporation shall prescribe the purposes for
191 which each such subsidiary is formed. No such subsidiary shall make

192 any advance commitment payable from or secured by a pledge of the
193 assessments, receipts, revenues and amounts on deposit in, or
194 thereafter received for the account of, the Renewable Energy
195 Investment Fund except as authorized by the corporation or a duly
196 authorized committee thereof.

197 (4) The corporation may transfer to any such subsidiary any moneys
198 and real or personal property, and the corporation may make loans to
199 any such subsidiary, provided the source and security, if any, for the
200 repayment of such loans is derived from the assets, revenues and
201 resources of such subsidiary.

202 (5) The provisions of section 1-125, as amended, and this subsection
203 shall apply to any person appointed as a member, director or officer of
204 any such subsidiary. Neither any such person so appointed, nor the
205 directors, officers and employees of the authority shall be personally
206 liable for the debts, obligations or liabilities of any such subsidiary.
207 Each such subsidiary shall, and the corporation may, protect, save
208 harmless and indemnify such member, director or officer as provided
209 in section 1-125, as amended.

210 (6) The corporation or any such subsidiary may take such actions as
211 are necessary to comply with the provisions of the Internal Revenue
212 Code of 1986 or any subsequent corresponding internal revenue code
213 of the United States, as from time to time amended, to qualify and
214 maintain any such subsidiary as a corporation exempt from taxation
215 under said Internal Revenue Code or to qualify interest on obligations
216 issued by such subsidiary as exempt from federal income taxation
217 under said Internal Revenue Code.

218 Sec. 4. Subsection (d) of section 16-245n of the general statutes is
219 repealed and the following is substituted in lieu thereof (*Effective*
220 *October 1, 2002*):

221 (d) The chairperson of the board of directors of Connecticut
222 Innovations, Incorporated, shall convene a Renewable Energy
223 Investments Advisory Committee to assist Connecticut Innovations,

224 Incorporated, in matters related to the Renewable Energy Investment
 225 Fund, including, but not limited to, development of a comprehensive
 226 plan and expenditure of funds. The advisory committee shall include
 227 not more than twelve individuals with knowledge and experience in
 228 matters related to the purpose and activities of said fund. The advisory
 229 committee shall consist of the following members: (1) One person with
 230 expertise regarding renewable energy resources or renewable energy
 231 policy appointed by the speaker of the House of Representatives; (2)
 232 one person representing a state or regional organization primarily
 233 concerned with environmental protection appointed by the president
 234 pro tempore of the Senate; (3) one person with experience in business
 235 or commercial investments appointed by the majority leader of the
 236 House of Representatives; (4) one person representing a state or
 237 regional organization primarily concerned with environmental
 238 protection appointed by the majority leader of the Senate; (5) one
 239 person with experience in business or commercial investments
 240 appointed by the minority leader of the House of Representatives; (6)
 241 one person with experience in business or commercial investments
 242 appointed by the minority leader of the Senate; (7) two state officials
 243 with experience in matters relating to energy policy and one person
 244 with expertise regarding renewable energy resources appointed by the
 245 Governor; and (8) three persons with experience in business or
 246 commercial investments appointed by the board of directors of
 247 Connecticut Innovations, Incorporated. The advisory committee shall
 248 issue annually a report to such chairperson reviewing the activities of
 249 the fund in detail and shall provide a copy of such report to the joint
 250 standing committee of the General Assembly having cognizance of
 251 matters relating to energy.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>October 1, 2002</i>

<i>ET</i>	<i>Joint Favorable Subst. C/R</i>	FIN
<i>FIN</i>	<i>Joint Favorable</i>	
<i>CE</i>	<i>Joint Favorable</i>	